No. 92-114

IN THE

Supreme Court of the United States

October Term, 1992

CARDINAL CHEM. CO., W. M. QUATTLEBAUM, JR., DOROTHY QUATTLEBAUM, and W. M. QUATTLEBAUM, III, CARDINAL MFG. CO., and CARDINAL STABILIZERS, INC.,

Petitioners,

vs.

MORTON INTERNATIONAL, INC.,

Respondent.

ON WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FEDERAL CIRCUIT

BRIEF OF AMICUS CURIAE ATOCHEM NORTH AMERICA, INC. IN SUPPORT OF PETITIONERS

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QUESTION PRESENTED

Whether the Federal Circuit's *vacatur* of a district court's declaratory judgment of patent invalidity as moot is proper solely because the Federal Circuit has affirmed a judgment of noninfringement.

TABLE OF CONTENTS

TABLE OF AUTHORITIES

PERIODICALS AND PUBLICATIONS

No. 92-1114

IN THE

Supreme Court of the United States

October Term 1992

CARDINAL CHEM. CO., W. M. QUATTLEBAUM, JR., DOROTHY QUATTLEBAUM, and W. M. QUATTLEBAUM, III, CARDINAL MFG. CO., and CARDINAL STABILIZERS, INC.,

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BRIEF OF AMICUS CURIAE ATOCHEM NORTH AMERICA, INC. IN SUPPORT OF PETITIONERS

This *amicus curiae* brief is submitted to support the petitioners on writ of certiorari. Petitioners (collectively "Cardinal") and Respondent ("Morton") have consented in writing to the filing of this brief.

INTEREST OF THE AMICUS

The interest of *amicus* ("Atochem") arises out of Morton's suit against Atochem charging infringement of the same two patents that are at issue in this case ("the Morton patents"). Atochem is the defendant in *Morton Int'l, Inc. v. Atochem North*

America, Inc., No. 87-60-RRM, currently pending in the U.S. District Court for the District of Delaware. Morton's action against Atochem will be significantly affected by this Court's decision in this appeal.

After Atochem was sued, the Morton patents were declared invalid by two separate district courts in unrelated actions, first in Louisiana (the *Witco* case),[1] and subsequently in this case in South Carolina (the *Cardinal* case).[2] However, because each district court judgment also included a finding of noninfringement which the Federal Circuit affirmed, Atochem has watched the appellate court twice vacate the respective declaratory judgments of invalidity reached after trials on the merits. The second action is the subject of this proceeding. Morton's action against Atochem is a third separate action on the same two Morton patents.

The Federal Circuit's *vacatur* of the two prior district court judgments of invalidity follows that court's practice of vacating judgments of invalidity as moot when affirming judgments of noninfringement. However, as explained by Chief Judge Nies in her dissent from the denial of suggestions for rehearing *in banc*,[3] there is no jurisdictional impediment to deciding the

[1] *Morton Thiokol, Inc. v. Witco Chem. Corp.*, No. 84-5685 (E.D. La. June 22, 1988), *aff'd in part, vacated in part*, 873 F.2d 1451 (Fed. Cir.), *reh'g denied*, 1989 U.S. App. LEXIS 6151 (Fed. Cir. 1989) (nonprecedential).

[2] *Morton Int'l, Inc. v. Cardinal Chem. Co.*, No. 6:83-889-OK (D.S.C. 1991), *aff'd in part, vacated in part*, 959 F.2d 948 (Fed. Cir.), *reh'g denied*, 1992 U.S. App. LEXIS 7580 (Fed. Cir.), *reh'g, in banc, denied*, 1992 U.S. App. LEXIS 10067 (Fed. Cir.), dissent from denial of suggestions for rehearing in banc, 967 F.2d 1571 (Fed. Cir. 1992) (Nies, C.J.).

[3] 967 F.2d at 1572-77.

invalidity issue irrespective of the decision on noninfringement,[4] and the practice has been subject to substantial criticism.[5]

A party in Atochem's position is particularly affected. Vacatur of the invalidity holding gives Morton a green light to continue its third lawsuit, placing Atochem in the costly and unjustifiable position of having to defend itself against patents which have already been held invalid twice before.

Patent owners are only to be given the opportunity of one "bite at the apple" pursuant to this Court's decision in *Blonder-Tongue Labs., Inc. v. University of Illinois Found.*, 402 U.S. 313 (1971). Morton has had two bites so far, and unless the Court requires the Federal Circuit to decide the invalidity issue, Morton could pursue a third trial seeking to have its patents held valid in a different district court, contrary to the holding and intent of this Court's *Blonder-Tongue* decision.

[4] As developed in Cardinal's brief, this Court's precedent not only permits consideration of a declaratory judgment of invalidity irrespective of the decision on infringement, but seems to mandate it. *Sinclair & Carroll Co. v. Interchemical Corp.*, 325 U.S. 327 (1945); *see also Cover v. Schwartz*, 133 F.2d 541 (2d Cir. 1942), *cert. denied*, 319 U.S. 748, *reh'g denied*, 319 U.S. 748 (1943). *Amicus* Atochem's brief, however, is not directed to the jurisdictional aspect of the Federal Circuit's practice, but instead to its inconsistency with patent policy set forth by the Court and its adverse effects on the public by allowing the issue of patent invalidity to remain undecided.

[5] *See* dissenting opinion to declining rehearing *in banc* (Nies, C.J.). 967 F. 2d 1571. Also, one of the Federal Circuit panel members, Judge Lourie, would have affirmed the judgment of invalidity of the Morton patents and not reached the issue of whether Cardinal's specific products infringe those patents. 959 F. 2d at 952-54. *See also* Harold C. Wegner, *Morton, The Dual Loser Patentee: Frustrating Blonder-Tongue*, 74 J. Pat. & Trademark Off. Soc'y 344 (1992); John Donofrio, *The Disposition of Unreviewable Judgments by the Federal Circuit*, 73 J. Pat. & Trademark Off. Soc'y 462 (1991); Joseph R. Re & William C. Rooklidge, *Vacating Patent Invalidity Judgments Upon an Appellate Determination of Noninfringement*, 72 J. Pat. & Trademark Off. Soc'y 780 (1990); Robert L. Harmon, *Patents and the Federal Circuit*, 551-54 (2d ed. 1991).

Morton itself had asked this Court to grant the petition for writ of certiorari.[6] Atochem's interest, and perhaps Morton's as well, is clear. The cost of still another trial for the parties and the public is too high for the Federal Circuit to again avoid ruling on Morton's appeal of the district court's holding of invalidity of the Morton patents. Accordingly, and for the reasons set forth further below, *amicus* respectfully requests that the Court vacate the decision below and remand this case to the Federal Circuit with instructions that the declaratory judgment of invalidity be reinstated and the appeal of that judgment be decided on the merits. Further, *amicus* respectfully requests that the Court instruct the Federal Circuit to decide on the merits any declaratory judgments of invalidity presented to it on appeal, especially when another, unrelated litigation is pending which involves the same patent(s) at issue on appeal.

QUESTION PRESENTED

Whether the Federal Circuit's *vacatur* of a district court's declaratory judgment of patent invalidity as moot is proper solely because the Federal Circuit has affirmed a judgment of noninfringement.

SUMMARY OF THE ARGUMENT

The Federal Circuit's practice of vacating a declaratory judgment of patent invalidity as moot solely because the Federal Circuit has affirmed a judgment of noninfringement is contrary to the policy of this Court's decision in *Blonder-Tongue*. Instead, the Federal Circuit should consider a declaratory judgment of patent invalidity, especially when another, unrelated litigation is pending involving the same patent(s) at issue on appeal.

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[6] Before the Federal Circuit, Morton asked the Federal Circuit to decide its appeal of the invalidity judgment on the merits and subsequently filed a petition for rehearing with a suggestion for rehearing *in banc* when that court declined to do so.

The *Blonder-Tongue* decision was intended to prevent patentees from relitigating patents once held invalid in a full and fair trial. The Federal Circuit's practice of declining to review district courts' holdings of invalidity permits "repeated litigation of the same issue as long as the supply of unrelated defendants holds out," despite a full and fair trial on the validity issue — a result which the *Blonder-Tongue* decision was expressly designed to avoid. 402 U.S. at 329.

Further, the Federal Circuit's practice ignores the importance to the public of removing invalid patents. This Court has long recognized that invalid patents harm the public interest, because invalid patents frustrate the purposes of the patent system. Invalid patents stifle business competition and remove ideas from within the public domain. By its *vacatur* practice, the Federal Circuit allows patents which have been held invalid to continue to exist. This practice should be corrected.

The encouragement of "repeated litigation" is the real effect of the Federal Circuit's practice. It is not hypothetical. The Morton patents have been declared invalid twice after lengthy and complex trials on highly technical chemical subject matter. Nonetheless, if the decision below is not vacated, it is anticipated that there will be yet a third trial on these patents in a different jurisdiction, Delaware, involving Atochem, a defendant unrelated to the defendants in either the Louisiana *Witco* case or the South Carolina *Cardinal* case. Undoubtedly, there will be a third appeal to the Federal Circuit after the third trial.

Not only will there be the high cost of pretrial discovery and trial of a third action on the Morton patents, as is typical in patent cases, but it is clear that judicial resources will not have been conserved by Morton's continued use of the courts to enforce its invalid patents. These consequences were sought to be prevented by this Court in *Blonder-Tongue*. Instead, however, they flow directly from the Federal Circuit's *vacatur* of the invalidity judgment simply because the Federal Circuit chose to

decide the issue of noninfringement before invalidity. It should have taken the issues in the opposite order.

ARGUMENT

I. This Court Should Instruct the Federal Circuit to Reinstate the Declaratory Judgment and Decide the Invalidity Issue on the Merits to Ensure that the Policy of the *Blonder-Tongue* Decision is Given Full Effect

In the *Blonder-Tongue* decision, this Court abrogated the doctrine of mutuality set forth in *Triplett v. Lowell*, 297 U.S. 638, *reh'g denied*, 298 U.S. 691 (1936), to prevent a patent owner from relitigating patents once held invalid against other unrelated defendants. The Federal Circuit's established practice of vacating judgments of invalidity upon affirming corresponding judgments of noninfringement vitiates that very purpose because the practice permits "repeated litigation of the same issue as long as the supply of unrelated defendants holds out," a result which the *Blonder-Tongue* decision expressly sought to prevent. 402 U.S. at 329.[7] Therefore, the effect of the Federal Circuit's practice is in conflict with the precedent of this Court.

Interestingly, the Federal Circuit has itself recognized that the intended effect of the *Blonder-Tongue* decision is to prevent repeated litigation. The Federal Circuit has stated that:

> [T]he purpose of the *Blonder-Tongue* collateral estoppel rule was to prevent relitigation of patent *validity*, once a patent has been held invalid in a case where the patentee had a full and fair opportunity to litigate the issue.

A. Stucki Co. v. Buckeye Steel Castings Co., 963 F.2d 360, 364 (Fed. Cir. 1992) (emphasis in original), citing *Mississippi Chem. Corp. v. Swift Agric. Chems. Corp.*, 717 F.2d 1374, 1378 (Fed. Cir. 1983). Despite this recognition, the Federal Circuit will continue its practice of resuscitating through *vacatur* patents found invalid by a trial judge or jury (and allowing relitigation), until this Court orders otherwise.[8]

The Court can ensure that patent invalidity determinations after full and fair trials are resolved at the appellate stage without the need for further litigation to prove invalidity all over again by so instructing the Federal Circuit. Such an instruction to the Federal Circuit would be applicable to *both* the present case as well as other patent invalidity determinations presented to the Federal Circuit on appeal, especially when another, unrelated litigation is pending involving the same patent(s) at issue on appeal. Such an instruction is necessary to ensure that the *Blonder-Tongue* decision has its intended effect in preventing repeated litigation.

In *Blonder-Tongue*, the Court criticized repeated litigation where the patent has been once found to be invalid. The Court held that:

> Permitting repeated litigation of the same issue as long as the supply of unrelated defendants holds out reflects either the aura of the gaming table or "a lack

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[7] The Federal Circuit's policy of vacating judgments of invalidity also limits the ability of defendants to rely on the *Blonder-Tongue* decision at the district court level. For example, in the pending *Atochem* district court case, Atochem filed a motion for summary judgment after the *Cardinal* district court found the patents invalid, arguing that the *Blonder-Tongue* collateral estoppel rule applied from the *Cardinal* district court's judgment and that the Morton patents should be similarly declared invalid. Judge Wright declined to consider the motion for summary judgment before a stay of the *Atochem* case was imposed.

[8] As Chief Judge Nies wrote:

> The question of how a judgment of invalidity on a declaratory claim should be treated after a finding of no infringement is too important in my view to let pass again. The parties can now look only to the Supreme Court for correction.

Opinion dissenting from denial of suggestions for rehearing *in banc*. 967 F.2d at 1578.

> of discipline and of disinterestedness on the part of the lower courts, hardly a worthy or wise basis for fashioning rules of procedure."

402 U.S. at 329, quoting *Kerotest Mfg. Co. v. C-O-Two Fire Equip. Co.*, 342 U.S. 180, 185 (1952).

The Court also noted the unfairness to the defendant faced with having to litigate an issue already decided:

> In any lawsuit where a defendant. . . is forced to present a complete defense on the merits of a claim which the plaintiff has fully litigated and lost in a prior action, there is an arguable misallocation of resources. To the extent the defendant in the second suit may not win by asserting, without contradiction, that the plaintiff had fully and fairly, but unsuccessfully, litigated the same claim in the prior suit, the defendant's time and money are diverted from alternative uses—productive or otherwise—to relitigation of a decided issue.

Id.

With respect to relitigating patent invalidity, the Court concluded that "[w]hatever legitimate concern there may be about the intricacies of some patent suits, it is insufficient in and of itself to justify patentees relitigating validity issues as long as new defendants are available." *Id.* at 334. The Court then focused on three bases in deciding that mutuality of estoppel should be abrogated and a patentee precluded from relitigating the validity of a patent once a district court has declared it to be invalid. These bases were: (1) fairness to the patentee in getting an opportunity to present all relevant and probative evidence before the district court in the first litigation; (2) economic costs of continued litigation of an already held invalid patent; and (3) burden on the federal courts in permitting patentees to relitigate patents held invalid. *Id.* at 338.

A. No Unfairness Inures to the Patentee in Deciding Invalidity

If the fairness of the trial is challenged by the patentee, it could conceivably be an issue for subsequent district court litigation, but it presumably would be an issue on appeal to the Federal Circuit. Indeed, this Court appears to have assumed in *Blonder-Tongue* that a full and fair opportunity includes appellate review of the judgment of invalidity.[9] It is thus important for the Federal Circuit to consider and decide the appeal of the judgment of patent invalidity.[10]

B. The Cost of a Third Trial is High

The Court also examined the economic consequences.[11] The Court noted that it was an "acknowledged fact" that patent litigation is a very costly process. In addition, the Court considered that patent defendants have higher costs than patent owners since defendants must both introduce proof to overcome the presumption of validity and must attempt to rebut whatever proof the patent owner offers.[12] Moreover, repeated litigations

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[9] *E.g.*, *id.* at 339-40, quoting from President's Comm'n on the Patent System Report (1966), page 39.

[10] Morton appealed the holding of invalidity in both *Witco* and *Cardinal* and sought a decision by the Federal Circuit on invalidity. In what must be an unusual scenario, both Morton and Cardinal petitioned the court for rehearing *in banc*, arguing that the Federal Circuit should not vacate, but rather should reach invalidity.

[11] *Id.* at 334-348. The Federal Circuit has itself cited with approval the economic consequences analysis in *Blonder-Tongue*. *Dana Corp. v. NOK, Inc.*, 882 F.2d 505, 507 (Fed. Cir. 1989).

[12] *Blonder-Tongue*, 402 U.S. at 335. Patent litigation has been recognized by the Federal Circuit as often prolonged and expensive. *See, e.g., A. C. Aukerman Co. v. R. L. Chaides Constr. Co.*, 960 F.2d 1020, 1040 (Fed. Cir. 1992) (citing *George J. Meyer Mfg. v. Miller Mfg.*, 24 F.2d 505, 507 (7th Cir. 1928); *Laitram Corp. v. NEC Corp.*, 952 F.2d 1357, 1360 n.3 (Fed. Cir. 1991) (citing H.R.Rep. No. 1307, 96th Cong., 2d Sess., *reprinted in* 1980 U.S.C.C.A.N. 6460, 6463).

raising the same issue and involving much of the same proof have "high costs" to the individual parties.[13] The Federal Circuit's practice of vacating judgments of invalidity leads to relitigating the same validity issue that previously was decided and was dispositive, and runs counter to this basis of the *Blonder-Tongue* decision.[14]

Nothing has changed since the *Blonder-Tongue* decision to suggest that the high cost of litigation as a basis for the *Blonder-Tongue* rationale has decreased in significance. In fact, the cost of litigation to the respective parties has become a widespread concern.[15]

C. A Heavy Burden on the Judiciary Results

The adverse effect of repeated litigation on judicial resources was a third basis for the conclusion reached in *Blonder-Tongue*. *Id.* at 348-349. The burden on the judicial system of repeated trials on the same complex technical and patent law issues that were resolved against the patent owner a first time is

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[13] *Blonder-Tongue*, 402 U.S. at 338. Another economic consequence thought by the Court to be even "more significant" is that potential defendants will often decide that paying royalties under a license or other settlement is preferable to the costly burden of challenging the patent. *Id.* at 338.

[14] Recently, the district court in *Wang Labs., Inc. v. Toshiba Corp.*, 793 F. Supp. 676, 678 (E.D. Va. 1992), expressed its concern that vacating the lower court's finding of invalidity without reviewing the merits at the request of parties who settle the case while the appeal is pending, a related standard practice of the Federal Circuit, may result in an invalid patent being "foisted off on the public and left to distort the market."

[15] *See generally* Louis Harris and Assocs., *Procedural Reform of the Civil Justice System*, March 1989 (commissioned by The Found. for Change, Inc.), (transaction costs and delay are problems of "moderate to major proportion" and will continue to increase); Terence Dungworth & Nicholas M. Pace, *Statistical Overview of Civil Litig. in the Federal Courts* (Rand Corp., The Inst. for Civil Justice, 1990); James S. Kakalik, *Costs of the Civil Justice System* (Rand Corp., The Inst. for Civil Justice, 1983).

even more important a factor today as both the volume[16] and the cost[17] of litigation in the federal courts have soared. Given the increasing trend in the use of jury trials in patent cases, the effect of the average patent case on the federal district courts will continue to mount.[18] The Federal Circuit's practice adds to the burden on the district courts who may spend substantial court time trying the validity issue in these patent cases only to have its work expunged by an appellate court.[19]

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[16] The current caseload crisis and its impact is well-recognized. *See, e.g.*, Federal Courts Study Comm., *Report of the Federal Courts Study Comm.*, Admin. Office of the United States Courts (April 2, 1990) and The Civil Justice Reform Act of 1990, S. Rep. No. 416, 101th Cong. 2d Sess. (1990), *reprinted in* 1990 U.S.C.C.A.N. 6802.

[17] Each day of a civil jury trial has been determined to cost the district court over $1,600 per day without a jury and over $2,700 a day with a jury. Budget Dev. Branch, Admin. Office of the United States Courts, *Daily Cost of a Civil Jury Trial* (February 12, 1992) (on file with Budget Dev. Branch).

[18] Administrative Office of the United States Courts, Annual Reports of the Director, Table C-4 (1961-90).

[19] *See also* opinion dissenting from denial of suggestions for rehearing *in banc* (Nies, C.J.):

> Nor should we be unmindful of the expense and effort of the district court. Judge Avern Cohn of the Eastern District of Michigan (the *Vieau* trial judge) stated, in a panel discussion at our most recent Judicial Conference:
>
> > I took six months to write a JNOV, found the patent invalid and not infringed and was very proud of my work product. And when I read that court of appeals opinion and found that my finding of invalidity had been vacated, there was no case or controversy, I was in a state of shock for ten minutes.
>
> Cohn, Remarks at the Patent Breakout Session of the Tenth Annual Judicial Conference of the United States Court of Appeals for the Federal Circuit 65 (April 30, 1992).

967 F.2d at 1577-78 n.9.

The appellate courts' caseload, including the caseload of this Court and of the Federal Circuit, is also at a crisis point.[20] As this case itself demonstrates, the Federal Circuit's practice inevitably leads to more district court litigation as well as to more appeals. At a time when there is a great need for achieving the *Blonder-Tongue* decision's hope for conservation of judicial resources, the Federal Circuit's *vacatur* practice adds to the congestion in the courts instead of reducing it. Moreover, fairness to the patentee, the high economic costs and judicial burden of multiple trials, and the public interest in identifying invalid patents, all support the principle of *Blonder-Tongue* that patentees should not be able to relitigate invalid patents after a full and fair trial on the validity issues.

The Federal Circuit's practice is 180° out of phase with these basic principles set forth in the *Blonder-Tongue* decision against repeated litigation. It encourages, rather than prevents, the relitigation of the issue of invalidity after a patent is once held invalid. Given the precedent, policy, and underlying rationale of *Blonder-Tongue*, and the incongruousness of the Federal Circuit's practice of vacating invalidity judgments where infringement is not found, the Supreme Court should compel the Federal Circuit to fully review declaratory judgments of patent invalidity presented to it on appeal.

II. The Federal Circuit's Practice Ignores the Importance to the Public of a Complete Determination of the Validity of a Patent

This Court has long considered that, as between the issues of infringement and validity, it is determinations of patent invalidity that should be the primary inquiry. The Federal Circuit's practice ignores this Court's precedent that a complete

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[20] *See* The Federal Courts Study Comm., *Report of the Federal Courts Study Committee*, Admin. Office of the United States Courts at n.16, page 109 *et seq.*, (chapter entitled "Dealing with the Appellate Caseload Crisis").

determination of judgments of patent invalidity is of great public importance.

For example, in *Sinclair & Carroll Co. v. Interchemical Corp., 325 U.S. 327 (1945)*, this Court stated that patent validity is more important to the public interest: "It has come to be recognized, however, that of the two questions, validity has the greater public importance." 325 U.S. at 330. Patent invalidity is an issue that should not be ignored because of its effect on the public.

> It is as important to the public that competition should not be repressed by worthless [i.e., invalid] patents, as that the patentee of a really valuable invention should be protected in his monopoly; . . .

Pope Mfg. Co. v. Gormully, 144 U.S. 224, 234 (1892).

The importance of fully considering patent invalidity as set forth in the *Pope* decision has been reiterated in other opinions by this Court. *See Lear, Inc. v. Adkins*, 395 U.S. 653, 663-64 (1969) (quoting from the *Pope* decision as set forth directly above). The subsequent decision in *Kewanee Oil Co. v. Bicron Corp.*, 416 U.S. 470 (1974), cited the *Lear* decision for this proposition, and specified how technological progress is impeded by allowing invalid patents to exist:

> In [*Lear*], 395 U.S. 653 (1969), the Court stated that an invalid patent was so serious a threat to the free use of ideas already in the public domain that the Court permitted licensees of the patent holder to challenge the validity of the patent. Better had the invalid patent never been issued.

416 U.S. at 488-89.

Indeed, this Court has recently reaffirmed that "the efficient operation of the federal patent system depends upon substantially free trade" of ideas within the public domain. *Bonito Boats, Inc. v. Thunder Craft Boats, Inc.*, 489 U.S. 141, 156

(1989). In the *Bonito Boats* decision, a Florida statute was found to conflict with the Federal policy that all ideas within the public domain be kept within the public domain "unless they are protected by a valid patent." 489 U.S. at 159-160, citing *Lear*, 395 U.S. at 668. Technological progress is impeded when the public is not able to use all of the ideas that it should. 489 U.S. at 156.

> The possession and assertion of patent rights are "issues of great moment to the public." [Supreme Court case citations omitted.] A patent by its very nature is affected with a public interest. As recognized by the Constitution, it is a special privilege designed to serve the public purpose of promoting the "Progress of Science and useful Arts." At the same time, a patent is an exception to the general rule against monopolies and to the right to access to a free and open market. The far-reaching social and economic consequences of a patent, therefore, give the public a paramount interest in seeing that patent monopolies spring from backgrounds free from fraud and other inequitable conduct and that such monopolies are kept within their legitimate scope.

Precision Instrument Mfg. Co. v. Automotive Maintenance Mach. Co., 324 U.S. 806, 815-16, *reh'g denied*, 325 U.S. 893 (1945). Although the Court was specifically referring to "unenforceable" patents in the *Precision Instrument* decision, *amicus* submits that the public's concern over patents which are invalid for any other reason is identical. The Federal Circuit's practice of vacating, without review, judgments of invalidity is against the public interest and should be corrected.

It was not until 1987, when the Federal Circuit adopted this *vacatur* practice,[21] that there was any suggestion that patent invalidity did not have to be considered because a holding of noninfringement rendered the issue of invalidity moot.

The Federal Circuit's *vacatur* practice is inconsistent with its own practice before the *Vieau* and *Fonar* decisions. The Federal Circuit had routinely reviewed judgments of invalidity before or in conjunction with judgments of invalidity. *See, e.g., Mannesmann Demag Corp. v. Engineered Metal Prods.*, 793 F.2d 1279 (Fed. Cir. 1986). In fact, the Federal Circuit had itself acknowledged the public interest in removing invalid patents:

> There is a stronger public interest in the elimination of invalid patents than in the affirmation of a patent as valid, at least in part because patents maintain a presumption of validity.

Nestier Corp. v. Menasha Corp.-Lewisystems Div., 739 F.2d 1576, 1581 (1984), *cert. denied*, 470 U.S. 1053 (1985) (citation omitted).

Judgments of invalidity were routinely reviewed *first*, perhaps because it was commonly thought that an invalid patent cannot be infringed. *See Spectra-Physics, Inc. v. Coherent, Inc.*, 827 F.2d 1524, 1537-38 (Fed. Cir.), *cert. denied*, 484 U.S. 954 (1987); *Connell v. Sears, Roebuck & Co.*, 722 F.2d 1542, 1546 (Fed. Cir. 1983).

Further, before the Federal Circuit was created, judgments of both invalidity and noninfringement were routinely reviewed

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[21] The Federal Circuit's practice began with two decisions issued on the same day. *Vieau v. Japax, Inc.*, 823 F.2d 1510, 1517 (Fed. Cir. 1987); *Fonar Corp. v. Johnson & Johnson*, 821 F.2d 627, 634 (Fed. Cir. 1987), *cert. denied*, 484 U.S. 1027 (1988) (patent below found "not invalid").

together by the appellate courts.[22] *Amicus* submits that judgments of invalidity and noninfringement were routinely reviewed together before 1982 at least partially in recognition of the public interest in removing invalid patents. The Federal Circuit's current practice is inconsistent with the prior practice and simply defeats this public interest.

III. Continued Enforcement of the Morton Patents Illustrates the Burden on Subsequent Patent Defendants and on the Judicial System from the Federal Circuit's Practice

The enforcement of the Morton patents in the *Witco* and *Cardinal* cases, as well as in the *Atochem* case, illustrate the real effect of the Federal Circuit's practice on an actual party being sued for patent infringement under patents that have already been declared invalid. The pending *Atochem* case in the Delaware district court confirms the Court's *Blonder-Tongue* assessment that high economic and judicial costs favor limiting patent owners to a single bite at enforcement of a patent held to be invalid.

In particular, the financial burden of continuing the *Atochem* case would be great. By the time the *Atochem* case was first stayed at an early stage of discovery because of the *Witco* invalidity decision, there already had been an exchange involving hundreds of thousands of documents. If the litigation goes forward, it can be expected that there will be additional discovery of many thousands of documents. None of the numerous pretrial depositions has yet begun. Several discovery disputes have already been identified, such as discoverability of the transcripts from the two previous trials on the patents at issue. None of the expert witness discovery has begun. In sum,

[22] *See Stratoflex, Inc. v. Aeroquip Corp.*, 713 F.2d 1530, 1540-41 (Fed. Cir. 1983); *W. L. Gore & Assocs., Inc. v. Garlock, Inc.*, 721 F.2d 1540, 1559 (Fed. Cir. 1983), *cert. denied*, 469 U.S. 851 (1984); *cf., Sinclair & Carroll*, 325 U.S. at 330; *Minnesota Mining and Mfg. Co. v. Research Medical, Inc.*, 679 F. Supp. 1037, 1059-60 (D. Utah 1987).

despite the fact that the *Atochem* case has been pending since 1987 and some discovery has taken place, the bulk of pretrial discovery has yet to occur and would be extremely costly to *amicus*.

The pretrial discovery will be followed by a trial on all the potential issues in the case. The trial can be expected to involve expensive expert witnesses and sophisticated and costly chemical testing, as did the *Witco* and *Cardinal* cases.

Furthermore, the burden on the Delaware District Court would likewise be great. The *Witco* trial lasted two weeks, and the *Cardinal* trial took one week. The Delaware court would have to address the complex technical and patent issues raised in a lengthy trial. A written opinion by the district court judge would be necessary. The Federal Circuit would likely face another appeal.

These are the types of costs of patent litigation which the *Blonder-Tongue* decision sought to prevent, but which are ignored by the Federal Circuit's practice of vacating invalidity holdings. The *Atochem* case demonstrates that the concerns expressed in the *Blonder-Tongue* decision, and the need for this Court to correct the Federal Circuit's practice, are very real, not hypothetical.

CONCLUSION

This Court should correct the Federal Circuit's practice of routinely vacating declaratory judgments of invalidity solely upon affirming judgments of noninfringement, especially when another, unrelated litigation is pending involving the same patent(s) at issue on appeal. We urge this Court to vacate the decision of the Federal Circuit with instructions to reinstate the declaratory judgment of invalidity and to decide the entire appeal of that judgment on the merits.

Respectfully submitted,

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